A8140-3

NPTA MANAGEMENT NEWS

FEBRUARY 1985

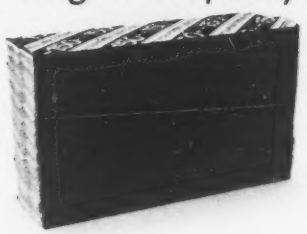
MN

MARKETING PUZZLE— DO ALL THE PIECES FIT?"

Mr. Ed Kianka
Congressional Information Service
4520 East West Highway
Bethesda, MD 20814
#

What's behind a Scott distributor's smile?

Confidence. The unshakable kind of confidence that comes only with being a leader. By offering products with unique qualities, real benefits not available anywhere else. American business is demanding more quality and value for its money, so he's never been in a better position. His customers have grown to expect the best from him, and he has the "bests" to give them. That keeps him smiling.

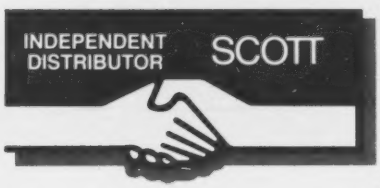


Brand 150 C-Folds: First for more than 70 years. *One look will tell you why. One use will show you how. Those little bumps are Scott's Perf-Embossed® finish which exposes more drying fibers, creating an unusually high capacity to hold water. Soft. Strong. Absorbent. This towel can do it all. And people notice the personal luxury of getting their own towel. They notice the name Scott proudly embossed on each one. Brand 150 C-Folds present a first-class prestige image to users. That's value. No wonder it's been one of the world's best selling towels for so long.*

WypAll: America's #1 all-purpose wiper. *A big, hefty wiper that works harder and costs less to use than shop towel rentals or rags. WypAll soaks up oils and fluids fast. Each WypAll is soft, clean, and new. No chips, chemicals or odors from previous users. WypAll also saves customers money by eliminating replacement and damage charges. Cost and performance. That's why WypAll and WypAll Blue are preferred by more people, in more industries, than any other disposable wiper.*

Brand 111 Hard Roll Towel: Rapidly becoming a best seller for washrooms everywhere. *Strong. Thirsty. Perf-Embossed.® Everything your customers ever wanted in a hard roll towel. And more. Perfect for industrial situations where frequent wash ups are the rule. Combine with Scott automatic roll changing cabinets, and you can offer even more value for the money by eliminating stub roll waste. It doesn't get much better than that.*

Scott Industry Bundles: A market exclusive. *A constantly updated selection of preferred products tailored to both general and specific market needs. Complementary products for one-stop shopping. Products that deliver more quality and value in a single market bundle than any other. But you expect that from Scott.*



The Scott Commitment: The best value products available only through independent merchants. *To begin with, we're very selective about who we choose to become a Scott distributor. Because, once selected, we're committed to working together very closely; to doing everything we can to make it a mutually beneficial relationship. It's the kind of commitment that comes only from a company that's been in the business for over a hundred years. And it's working very nicely, thank you.*

Say cheese.

SCOTT A HOUSEHOLD NAME, AT WORK.

© 1984 Scott Paper Company

YOUNG EXECUTIVES FORUM

The Inaugural

MID-YEAR EXECUTIVE CONFERENCE

MARCH 22–24, 1985 THE INNSBROOK RESORT, TARPON SPRINGS, FLORIDA

The Young Executives Forum, in cooperation with the faculty of Miami University, Oxford, Ohio is pleased to present a three-day Conference. Three educational sessions are scheduled:

Strategic Management for Growth

Excellence in Management—

FOCUSING ON THE NEED TO DEVELOP A STRONG ORGANIZATIONAL STRUCTURE AND THE KEYS TO MANAGING CHANGE

The Challenge of Change

An executive Conference featuring educational sessions and recreational and social activities for young industry leaders who are under 40 years of age and in a decision making/policy making position and their spouses.

Space is reserved for 30. You must register by **February 28, 1985.**

EDUCATION AND TRAINING DEPARTMENT

NATIONAL PAPER TRADE ASSOCIATION, INC.

516-829-3070

MN
NPTA MANAGEMENT NEWS
VOL. XXVI/NO. 2
Published by
National Paper Trade Association, inc.

Editor
William H. Frohlich
Contributing Editors
John J. Buckley, Jr.
John S. LaRosa
Richard J. Lerman
Bruce H. Linden
Editorial Assistants
Linda Guttman
Nancy Stolen
F. Berneice Underwood
Advertising Director
Richard J. Lerman
Production Manager
Joann Simberlund
Circulation Assistant
Debby Rosengarten
Art Director
Dagfinn Olsen

Executive Committee of the Board of Directors
Chairman of the Board
Frank J. Viegas
Vice Chairman
Richard W. Abrams
Vice Chairman
Francis J. Houlihan
Treasurer
Frederick J. Stabbert
Past Chairman
Lionel W. Eltis

Ex Officio
President
John J. Buckley, Jr.
Counsel
Michael B. Weir

NPTA Management News (ISSN 0379-2214) is published monthly by the National Paper Trade Association, inc., at a subscription rate of $25 per year. Second-class postage pending at Great Neck, NY, and additional mailing office. POSTMASTER: Send address changes to *NPTA Management News*, 111 Great Neck Road, Great Neck, NY 11021, 516-829-3070.

Statements of fact and opinion are the responsibility of the authors alone and do not imply approval on the part of NPTA or its member companies. Copyright 1985 by the National Paper Trade Association, inc. Articles may not be reprinted without the publisher's permission. Please address all inquires to the Editor. Original manuscripts and letters are welcome.

CONTENTS

In marketing, each piece of the puzzle is important to the final result.

Cover Photo
Richard J. Chesnut

FEATURES

10 **The Marketing Mandate: Excellence In Customer Service**
by Denis F. Healy, Ph.D.
Distribution today requires attention to many details—not the least of which is customer service. Denis Healy reviews the mandate for the successful merchant in the 1980s.

18 **Measuring Profitability: Beyond Turn & Earn**
by Peter L. Mullins, Ph.D.
Marketing requires an understanding of both customer and product line profitability. In this excerpt from Peter Mullins new book **Measuring Customer and Product Line Profitability**, he explores new approaches for the wholesaler.

24 **Telemarketing for Wholesaler Distributors**
by Michael Ibison
Telemarketing can be a very effective tool for the paper merchant. The establishment of such an operation requires a management commitment. If a telemarketing program is to succeed, management must thoroughly understand its principles.

DEPARTMENTS

6 **Industry News**
8 **PAPER Foundation**
16 **Merchant Briefings**
21 **Paper Merchant Sales Report**
28 **Dimensions in Training**
30 **Events**

VIRGINIA PAPER RESTRUCTURES OPERATION

The Virginia Paper Company, a division of the Crown Zellerbach Corporation, has announced a major restructure of its operations as a result of its rapid growth in the South and Southeast.

The company's top management, with input from the field, developed an optimistic long range strategic plan. From this evolved a new organizational structure with flexibility and sensitivity to their changing market environment.

The new structure divides the company into two major regions each headed by a new regional manager. The Central Region includes Maryland, Virginia and the Carolinas. Michael L. Allen will guide the Central Region and David G. Boynton will be responsible for the Southern Region which will include Georgia, Arkansas, Alabama, Louisiana, and Florida.

James. S. Hunter, president of Virginia Paper, said, "These two managers together with myself will form a true top management team dedicated to more attention to individual branches and further growth." Also included in the reorganization are a dozen other management changes.

IP AWARDS GRANT TO SALES FOUNDATION

A $350,000 endowment has been made by the International Paper Company to the Graphic Arts Sales Foundation. The money will be used by GASF for the training of graphic arts sales and service people.

"Professional selling promotes growth, and that's good for all of us," said William Pollert, director of sales and marketing for IP's White Papers Group. GASF president, Stan Anglen, said in response, "IP has taken the lead in promoting a program that will support growth for the whole industry."

PAPER COMPANIES WILL INCREASE SPENDING ON ADVERTISING THIS YEAR

According to a forecast done by Bernard P. Gallagher for the *Gallagher Report*, paper and packaging companies will spend approximately 9.9% more on advertising in 1985. The "23rd Annual Industrial Advertising Budget" survey revealed that paper industry growth is expected to be 2.6%.

Paper companies polled stated that 28 cents of each ad dollar is spent on institutional advertising (as opposed to product advertising) and on average, the total advertising budget is about one-tenth of one percent of gross sales.

Although "advertising" is the category, promotion makes up a significant portion of the budget allocations. Actually it's nearly half-and-half with advertising taking 59% of the money spent. Where is the advertising dollar being spent? 60-70% of it is used to purchase space advertising in trade publications, and 10-15% in directories.

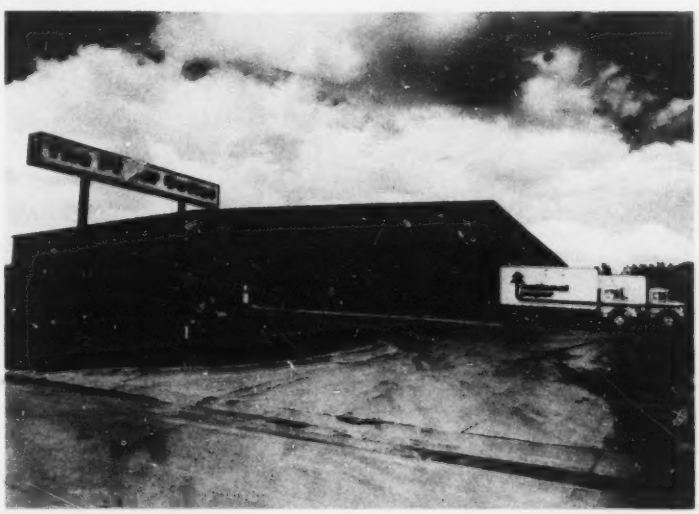
TWO FIRMS RECEIVE MEMBERSHIP IN NPTA

The National Paper Trade Association welcomes these two firms to the ranks of its membership:

Communication Paper Corporation
1845 New Highway
Farmingdale, NY 11735
Stephen E. Obletz, President
established: 1973
location: 1
type: printing

Richard Bauer & Co., Inc.
627 West 42nd Street
New York, NY 11238
Joseph Hofheimer, President
established: 1916
location: 1
type: dual

NEW OFFICES FOR NATIONAL PAPER IN OMAHA



The corporate offices and warehouse of National Paper Company, Inc. of Omaha, NE is now located at 2511 South 156 Circle in the Horizon West Industrial Park. The facility encloses 660,000 cubic feet of space utilizing an elevated storage system and narrow aisle handling equipment.

HUDSON CITY WILL HAVE NEW FACILITY

Hudson City Paper Company located in Wallington, NJ has broken ground on a new 50,000+ square foot warehouse and office complex in West Caldwell, NJ. The new building will be ready in July.

The new facility, which will double the space the company now has, will help them to serve the graphic arts market in the New York metropolitan area more efficiently.

SUN CITY PAPER GROUP ELECTS OFFICERS

Joseph Thomas, formerly with S.D. Warren, has been elected president of the Sun City Paper Group, an organization of retired industry people in Sun City, AZ. Thomas succeeds Reiny Vogt who was with NCR Appleton Paper Company.

Al Howells, formerly with the Institute of Paper Chemistry, follows Thomas as vice president, Ruth Jameson who was with Weyerhaeuser, was reelected treasurer.

The Sun City Paper Group is composed of residents of Sun City, Sun City West and environs who are currently or were formerly associated with the paper industry in either the manufacturer, converting, wholesaling or allied segment. Anyone interested in finding out more about the Sun City Paper Group should contact: L.Q. Yowell, 9407 Hidden Valley Circle, Sun City, AZ 85351.

CHAMPION PLANS NEW PAPER MACHINE

Champion International has a pulp mill under construction in Michigan and has now decided to place an order for an uncoated paper machine to be installed at the site. The company will use the machine to manufacture 500-600 tons per day of business papers and computer forms.

It will take about two years to build and start-up is scheduled for the end of 1987. The pulp operation will begin early next year.

IP WILL CONVERT MILL

The International Paper Company said that it will spend over $200 million to convert an idle newsprint machine to coated publications grade paper. The mill is located in Pine Bluff, AZ.

After conversion, the mill will produce approximately 200,000 tons of coated paper a year after its completion in the second half of 1986.

HAMMERMILL LAUNCHES NEW COMMUNICATIONS SYSTEM

Hammermill Paper Group recently announced that its new electronic communication system, HAL (Hammermill Access Link), is now operational throughout the New York metropolitan area.

A paper industry first, this electronic communication system presently links Hammermill's New York area paper merchants directly to the company's computer in Erie, PA.

Merchants, both large and small, receive better and faster service with the potential for errors greatly reduced. These merchants can, by accessing Hammermill's computer, make stock and special order inquiries, look up order and shipping status information, and actually place orders without a telephone.

Because the Hammermill computer communicates on a real-time basis, information about the more than 1200 stock items—cartons, rolls, and skids—manufactured and warehoused at the company's Erie, Lock Haven, and Oswego mills will be precise and up-to-date.

This time-saving marketing tool will soon be made available to Hammermili merchants in other areas of the United States. The company is working to complete all HAL installations and expects other regions to come on-line in the near future.

PEOPLE IN THE NEWS

Richard D. Childers has been appointed president of the CDA Distributors Division of the Hammermill Paper Company.

Bruce Brydon has been appointed president and chief operating officer of Coast Alberta Papers in Western Canada.

Franklin D. Rogers has joined Nationwide Papers headquarters in Stamford, CT as director of marketing-industrial products. **John P. O'Reilly** has become sales manager and **Robert L. Arndt** was named administrative manager of the company's Milwaukee operation.

Ronald C. Esper has been promoted to executive vice president of the Morris Paper Company, Pittsburgh, PA.

Ronald G. Hilton has been named treasurer and assistant secretary of Inlander-Steindler Paper Company headquarters in Elk Grove Village, IL. **James E. Bliler** has been promoted to branch manager of the South Bend, IN operation.

James Lyngholm has become executive vice president of the Leslie Paper Company, Minneapolis, MN. **Barry Smith** was named vice president and manager of the Minn-Dak operations. **Howard Hanson** has become vice president for operations, **James Jahnke** was named vice president for merchandising, **Bruce Mitchell** has been named vice president and manager of the Dallas region and **Thomas Peifer** was promoted to vice president and manager of the IA-IL region.

John W. Turner was elected president of Appleton Papers, Inc. **Dale H. Schumaker** was named executive vice president and **Daniel W. McIntosh** has become vice president-marketing and sales.

Russell Vannatta has been elected president of Lawrence Paperboard Corporation. He will also remain president of Harriman Paperboard.

Robert F. Meyer was named executive vice president of the Hammermili Paper Company. **Ronald A. Faster** has become vice president-sales and succeeds **Warren Omark** who has retired.

Ernest A. Harvey was named executive vice president Paper Group of the Little Rapids Corporation.

Doug Cottrell has been promoted to sales development manager in the Roll Products Division of MACtac.

Joseph S. Druth, an industry pioneer and founder of Druth Packaging, died on November 16, 1984 one month before his 83rd birthday.

John H. DeVitt, former chairman, president and CEO of the Hammermill Paper Company, passed away at the age of 81. He spent 53 years with the company.

Edwin W. Wesselmann, former chairman of The Diem & Wing Paper Company, Cincinnati, OH, passed away January 5, 1985 at the age of 84.

GOAL IN SIGHT FOR RESEARCH CHAIR:

The Paper and Plastics Education Research (PAPER) Foundation is three-quarters of its way to reaching its goal of $1 million to endow a research chair. Although the Foundation is in its infancy, this first, major, industry-wide project has met with a great deal of enthusiasm.

At this writing, $750,000 has been either collected or pledged to support the endowed research chair at the University of North Florida in Jacksonville. NPTA has contributed $100,000 to this endeavor. The money collected from the paper merchant community stands as a testimonial to the research commitment of this industry.

"Fund raising for the Endowed Chair is now moving into high gear," said John J. Buckley, Jr., president of NPTA. "We have asked our member companies to pledge the equivalent of one-half of their annual dues to this project. All members have to do is check off a box on their NPTA dues invoice and we will bill them one-third of the amount each year for the next three years."

Seven companies have joined the Founders Club by pledging $30,000 each. These are:

- Champion International
- Crown Zellerbach Corp.
- Hammermill Foundation
- Kirk Paper Company
- K.H. Landsberg Division of Sunclipse, Inc.
- Unijax Inc.
- The Unisource Corporation

Research Is A Real Need

Wholesale distribution is undergoing major changes: the impact of technological developments in electronics and physical distribution, changing company sizes and patterns of distribution. All are affecting the merchandising of paper and allied products. In addition, general economic and product trends, governmental edicts and evolving employee human resource expectations are altering the future of paper distribution.

All of these issues and others can be studied by the Endowed Chair Program. There will be an ongoing need to initiate research in these areas and the probability that specific issues will be revisited periodically. Educators and academicians with strong reputations in their fields will study the subjects from a paper distribution point of view.

The driving force behind the Endowed Chair will be the Trustees of the PAPER Foundation. This group of industry leaders and academicians will use their knowledge of the industry and general business acumen to insure relevant subjects will be treated in a meaningful and timely way.

Why An Endowed Chair?

There are several advantages of an Endowed Chair concept for conducting research.

I. Top quality academicians will be attracted to conduct research bringing years of experience, background and knowledge with them.

II. The resources of a university (reference libraries, computerization, graduate assistants, pooled academic knowledge, etc.) can be harnessed for a project.

III. All of the above mentioned resources can be used at a cost that is much less than that of professional consultants.

IV. A one-time payment to set up the Chair creates an ongoing income stream. Once paid, there will be no break in the cycle of meaningful projects in search of funding. It will allow a majority of research time on the part of sponsoring organizations to be spent on managing the research and not fund raising.

V. A regular stream of income will also allow for better planning of the effort. The Foundation can take on projects based on its regular budget.

How Will The Endowed Chair Work?

The Board of Trustees of the PAPER Foundation will decide the research agenda of the overall Foundation, which involves the Endowed Chair. The Trustees will consist of a total of 12 individuals from the mill and merchant side of the industry and two University of North Florida faculty members, as well as a business research expert.

The Trustees will recommend projects to be accomplished in the Endowed Chair Program. The two faculty members on the board will be responsible to contact a number of eminent scholars in the subject areas and recommend to the Trustees their choice for the scholar who will conduct the research.

The eminent scholar will implement the research on an agreed schedule. Research projects will take 6-18 months to complete.

By definition, the eminent scholar invited to conduct research on paper distribution topics cannot come from the existing faculty of the University of North Florida.

This system gives the Trustees of the Foundation control over the selection of topics and the process of the research effort. By choosing eminent scholars on a project-by-project basis, an energetic scholar will be assured for each subject.

It is estimated that the time from Trustee selection of a project to the selection of a scholar and initiation of the work will be approximately one year.

Research Projects
What Kinds of Specific Research Projects Can Be Expected?

The core areas of successful paper distribution are economic/financial, marketing/sales, management and operations. All can be studied by the Endowed Chair. Potential subjects may include:

ECONOMIC/FINANCIAL

The development of an economic model for predicting the sales of various products by paper distributors under varying business conditions.

The development of models to determine customer and product line profitability.

The development of new sales forecasting models and tools.

The development of a paper distribution profitability model.

MARKETING/SALES

The study of the market potential and product life cycle of products sold by paper distributors.

A study of the effects of demographic and geographic changes in products sold by paper distributors.

An investigation of the motivation, compensation and management plans that would improve productivity of the sales force.

MANAGEMENT

Development of a number of merchant

FOUNDATION OFF TO GREAT START

firm organization plans influenced by company size, location and product mix.

Determination of the optimum size of a merchant firm or branch office.

Development of strategies for effective team building to obtain maximum company productivity.

Creation of various company and department productivity improvement plans.

Development of compensation programs for all employees to improve motivation and productivity.

Benefits

What Will the Benefits be to the Paper Distribution Industry?

Several benefits will be derived that make the Endowed Chair program a meaningful endeavor.

- Industry efficiency and productivity will be improved by implementation of the research results.
- The industry will be in a position to handle changes occurring in a logical, patterned way. The industry would be able to anticipate change, and not just react to it.
- The results of the research will cause a general increase in the level of professionalism and sophistication of the paper distribution industry.

In addition to the informational benefits derived, there are a few less defined benefits:

- The paper distribution industry, by embracing this concept, will be unique. No other wholesale industry has made such an effort to study and research its trade. There are only a handful of industries in the entire economy that have Endowed Research Chair programs.
- This project will also increase academic and university understanding of paper distribution. There will be a "ripple effect." A body of knowledge is being created. This in turn will generate other direct and indirect research on the paper industry. Case studies, classroom discussions and projects for use by students will be developed.

  This will result in a better image and understanding of the industry by future business leaders. This is an extremely desirable by-product of the industry's support.

How Will Individual Firms Benefit?

The primary purpose of the Endowed Chair is to provide information that individual firms can implement in their own company operations.

The Chair will produce computer models, publications, video programs, articles and presentations that will be geared to answering specific industry and company questions. In addition to the published material that is generated, there is usually a great deal of information that cannot be published due to space limitations. This information will be available on a request basis. Hence, a data base will be created.

Individual company questions can also be answered by the eminent scholars and there is the possibility of individual consulting arrangements. This would be at an additional cost, but at a cost much less than that of professional consulting firms.

In addition to a reasonable fee, the eminent scholar consultant will be well versed in paper distribution and related subjects. He will be able to make a contribution to a firm much more quickly than other consultants who are knowledgeable in their fields, but are not familiar with paper distribution.

Another benefit to individual firms will be a reduction of the "re-inventing the wheel syndrome." While certain types of information are proprietary in nature and should not be shared, there are other kinds of information on trends and developments that can be developed collectively that will be of benefit to an individual firm.

For example, a report on new trends in warehouse design need not be developed and paid for by an individual company. The implementation of the findings, however, is up to the individual company.

Eminent scholars would also be available for individual company presentations to managers, employees and customers. The use of such specialists becomes cost-effective for the first time. To develop this kind of resource on an individual company basis would be economically impossible.

Why University of North Florida?

Wholesale distribution is the third largest employer in the State of Florida. As a result, the State is putting a major emphasis on distribution in its state universities.

In addition to the funding of an Endowed Research Chair in Paper Wholesaling, the University of North Florida is setting up a separate entity at the university to study wholesale distribution, The Center for Education and Research in Wholesaling.

The specific strengths of the University of North Florida at Jacksonville are many. As a research facility, it is outstanding. The complete full service library has 500,000 volumes. As part of the FOCUS library system tying in with 9 other campuses of the university system, this library has access within 1-2 days to 3 million titles. It is the best library in the system.

Over 90% of the faculty have Ph.D.s and both the Bachelor and Masters programs are fully accredited.

All reports indicate that the State of Florida will continue to grow as an economic and cultural center. The reputation of the University system continues to be strong. The PAPER Foundation has the opportunity to participate in that growth with a university that has a desire to learn and the ability to increase its knowledge of the paper distribution industry.

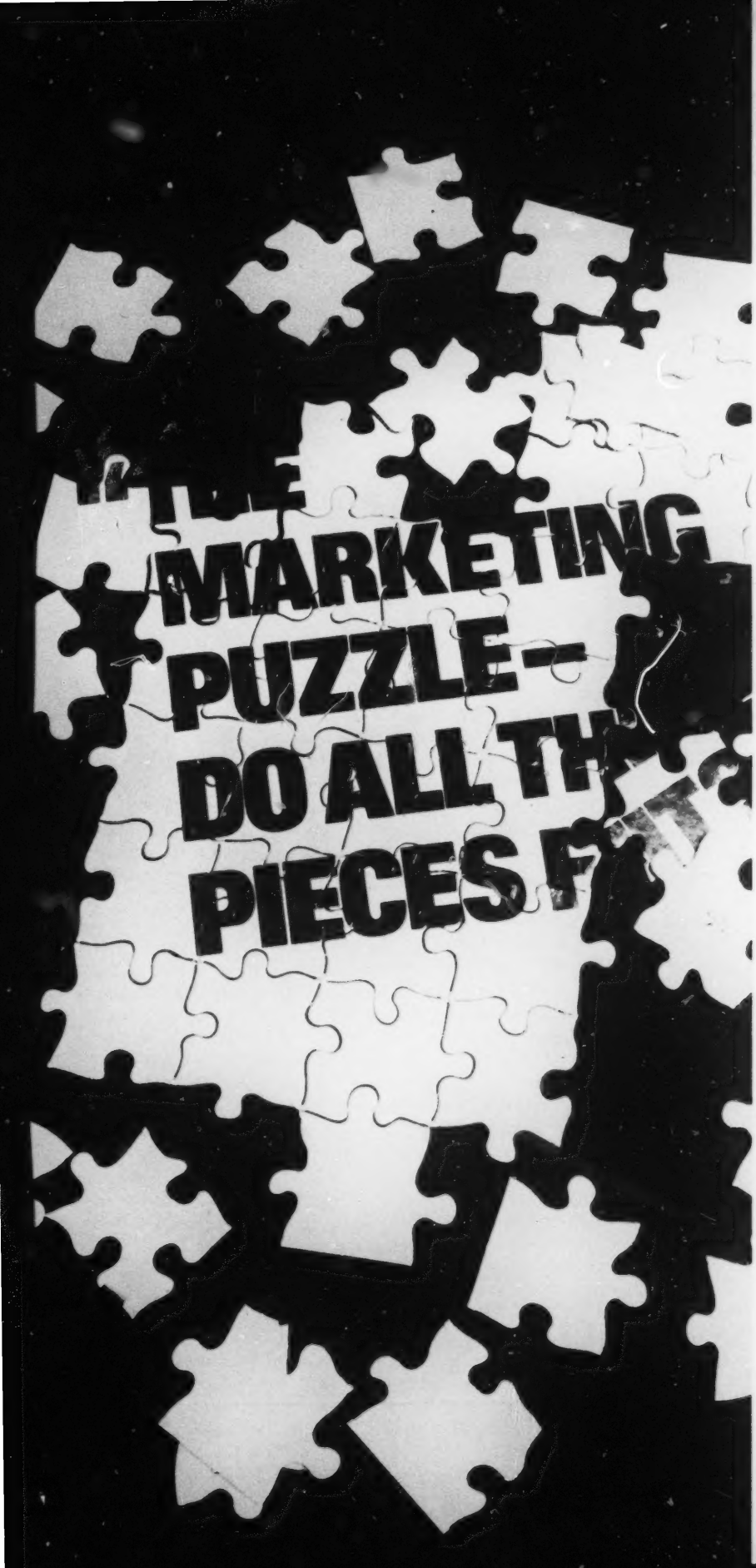
Financial Considerations

There is a tremendous multiplier effect for an individual firm contribution to the Endowed Chair. By raising $1 million once, the industry generates a research income stream annually of $100,000-$125,000. No other fund raising will be needed in the future.

The State of Florida, through special legislative action, has pledged $400,000. In addition, NPTA has contributed $100,000 to the effort already. The remainder will be raised from paper merchants and mills involved in the distribution of paper, plastics and allied products.

The support of all companies is vitally needed. While $1 million may appear to be a great deal of money, the industry is only paying 50 cents on the dollar.

If you need more information on this program or would like to discuss the issues further, please feel free to contact John J. Buckley, Jr., President, National Paper Trade Association, 111 Great Neck Road, Great Neck, NY 11021 (516) 829-3070.



THE MARKETING MANDATE:

The distribution business of today and tomorrow promises to be far different from that of the past. Both customers and manufacturers expect more from their distributors. Your expectations of co-workers and associates are probably far greater today than ever before. In fact, in today's service-oriented world, we all have higher expectations of each other.

Unfortunately, these expectations often are not fulfilled, and we find ourselves frustrated—unable to find companies and people willing to live up to the promises they make.

When was the last time you were impressed with the service or attention you received from a department store, a supermarket, or a "service" station? In a world where we expect—and frequently need—more service, it seems that we are getting less and less. Most of us have seen the Maytag TV commercial showing the lonely service man for Maytag: the poor guy has such a superior product to service that it rarely needs attention. And the commercial would have us believe that if we ever *did* need service on a Maytag appliance, it would be so good that the lonely service person would not have to visit but once to solve the problem.

What a wonderful world it would be if every company took a close look at its service obligations and put together a responsive and friendly approach for taking care of its customers. Think about how many companies you deal with as a consumer, that are really in tune with your needs, and that sincerely attempt to serve you well. It is highly likely that you can tell me the names of your favorites without even having to think about it—and I suspect that you can name only a few that are really tops.

What is it about these companies that makes you want to do business with them? Incidentally, this applies not only to stores, but also to doctors and dentists, schools and beauty shops, transportation services and building contractors. What is it that distinguishes top-notch organizations from the rest of the pack? Is it their advertising and promotional materials, their attractive buildings and facilities, or their people and their attitudes toward you? Is it their promises, or their ability to deliver on those promises?

We all know the answers to these questions...and so too, does every consumer. The answer is simply this: the best outfits are those in tune with customer needs. They place

by Denis F. Healy, Ph.D.

EXCELLENCE IN CUSTOMER SERVICE

the customer in the driver's seat rather than themselves. They develop a style and a service approach on which we can depend, and in which people throughout the organization can take pride. These organizations are committed to excellence and to delivering real value to the customer. Yet the principles upon which these companies are built are not complex. In fact, they are almost childlike in their simplicity.

The most fundamental principle is that every organization—from police department to hospital to paper distributor—is a service organization. We all earn our livings by rendering services to others. If the quality and consistency of the service we give is high, everyone benefits, including us. If the service is not that great, then sooner or later someone becomes disappointed, dissatisfied, disgruntled, or sometimes damned upset!

Service is the key. It is performance—not promises—that counts. And who decides whether the service was excellent, acceptable or poor? Not the one who gives the service, but the one who receives it. The final judge is the customer who compares one organization with another based more on service factors than merely on the products that are offered. This principle is simple yet so subtle.

This is something we have all known about since childhood. A service orientation is essential to the survival and health of all kinds of businesses, and wholesale distribution is hardly an exception. But rather than merely emphasize the obvious, we need to address the need for all of us to meet our service obligations to customers, suppliers and personnel.

In order to do this, people within an organization must commit themselves to deliver the highest and most consistent level of service they can: performance—not just promises; pride—not just plodding; persistance—not just pressure. The commitment cannot be made without the people. If people within the organization don't acknowledge the importance of the service orientation, the promise will be unfulfilled and it will be business as usual.

Can the McDonald's slogan, "we do it all for you," become part of a mindset, an attitude, an overall commitment? In order for this to happen, the individuals within an organization must be on board with the service orientation; they must be willing to work as a team both within the company and in partnership with customers and suppliers. Otherwise, the service orientation will be nothing more than empty words in a corporate document tacked to some unnoticed bulletin board in your branch.

It is appropriate here to talk about what is happening in industry, and to examine the criteria that must exist if companies are to achieve their commitment to service and excellence. This is a time to prepare for future achievements in the process of making the service promise a reality in individual jobs as well as in the company as a whole. This is not a time for administering pledges—pledges are no stronger than the feelings behind them. Rather, we need to explore some of the benefits to be derived from a commitment to high levels of service.

A conversation I had with one of my first clients comes to mind: he had heard me speak at a business meeting and he called me to discuss his customers and his personnel. He wanted to be more responsive to customer needs, and to help people be more effective and better motivated in their work. Never once did we talk about the company or corporate this or that. We discussed people, their needs, expectations, attitudes, skills, management styles, staffing. All about people.

At the time, it didn't occur to me that this individual was trying to focus on service issues. Without putting a label on it, he was trying to make his outfit the best in customer service in the industry. But he had focused on the critical element in making it happen: PEOPLE!

Never once did we talk about the company, or corporate this or that. We discussed people...

Recently, an associate and I completed an extensive study of growth strategies in wholesale distribution for the National Association of Wholesaler-Distributors and a study of the paper distribution industry. One of our most important findings was that wholesale distribution is going

through a remarkable set of changes in terms of expectations by both customers and suppliers. Let me just say this: *the future ain't what it used to be*. Across distribution, whether electrical, electronics, paper or food, the distributor must become more responsive to service expectations of both customers and suppliers to remain strong and profitable.

In many industries, the demands are increasing on all fronts: new products incorporating technological advances are entering the marketplace at the speed of light; customers and suppliers are talking about direct, on-line order entry systems; suppliers are expecting distributors to assume a larger share of the marketing and selling responsibilities: and competitors are becoming stronger and more service-oriented themselves. Wholesalers must examine their obligations to those they serve and review their commitment to excellence as distribution businesses. They must think of themselves as service businesses.

Wholesale distribution is going through a remarkable set of changes in terms of expectations.

What does this commitment to excellence really mean? And how does it happen? Here are a few brief observations about these questions:

Last year, for the first time ever, a book on management topped the non-fiction best-seller list for several months. The title, *In Search of Excellence* captured its essence. The authors reported the results of their study of leading American companies that had achieved high levels of financial and overall business performance during the past decade. The researchers were intent on finding out what made these companies stand out from all the rest. Was it the industry they served that made the difference? Was it some secret ingredient in the products they sold? Or was it something about the way the company was managed and about the approach of its employees? As you might expect from my previous remarks, the factors distinguishing these companies were management style and the employees' attitudes toward the customer and the company.

Here is what the "Excellence" study revealed: companies as different as Delta Airlines and 3M, or Proctor & Gamble and McDonald's were quite similar in company philosophy and management values. In each excellent company, there were eight common characteristics to which the management and employees were committed. Just as with the service orientation concept, these characteristics are surprisingly simple.

Let me highlight these characteristics and offer some observations on how these apply to the wholesale distribution industry.

First, in the excellent companies, there is an emphasis on action—on making things happen. Decisions are made in a timely fashion without unnecessary delays or fanfare. When something needs to be done, it doesn't take an act of Congress or five committees to get things moving. People know their jobs and where to turn for help. They don't waste time trying to figure out what to do or how to do it.

How does this apply to wholesale distribution? Distributors are always on the firing line. Customers expect a distributor to have all the answers and materials they need. There are frequent emergency situations, or times when a response delay can hold up a production line or a job progress. The availability of a $5 fuse or a $3000 motor control can sometimes make the difference in a tight situation. The ability to take action, to make prompt and knowledgeable decisions in these situations is crucial to any wholesaler's market position.

So, to put the service orientation into place, it is necessary to ask yourself: can I—can we—act swiftly and decisively when necessary? If the answer is no, the first priority must be to build a quick response capability. Incidentally, these remarks are not directed just at the customer service and sales associates; they apply in one way or another to everyone.

Secondly, the "Excellence" study found that the top performers have developed ways of staying close to the customer and supplier. In this age of electronic communications, maintaining a close and frequent contact with the outside world is essential. Since we depersonalize some of the customer service functions through increased automation, we must find ways to retain human contact. People still prefer to deal with other people rather than with machines—providing the people are courteous and helpful.

There is a special message in this for wholesaler-distributors. The distribution business is undergoing a computer revolution. You are

moving rapidly to a point where most order entry to suppliers will be on-line with your computer, and a sizable portion of your customer orders will be electronically generated—if not also on line with your computer. And on-line order entry systems are but one element of a vast electronic communications network throughout the industry. Sounds like *1984*—and it is!

How do you keep the word "people" from being replaced by the word "telecommunications"? How does this new electronic era affect the ability to maintain personal contacts? Must there be new ways to assure customers and suppliers that a distribution organization is something more than a super-efficient computer? I think the answer is obvious: sales associates must take on an added dimension in dealing with customers. They should become consultants and problem solvers for their customers to a much greater degree than in the past. There still may be less frequent contact with most customers, but any personal contact will be made for good reason. And both distributor and customer will be able to evaluate the worth of the "sales" or "service" call. (An interesting aside on this point: what if the customer had to make a direct payment every time a sales call were made—just as we pay an electrician for a service call? The day may come when this may not be so farfetched!)

Let's look at other ways that a distributor can maintain meaningful and valued contacts with customers and vendors. For those who are "inside" most of the time, a short personalized note or a follow-up phone call to key people is a personal touch that reminds others that they are important and that the working relationship is appreciated.

A helpful experiment along this line would be to make up a list of five or six people outside the company, drop them a note, make a call or stop by for a brief visit—"to see how things are going." See what happens; and periodically do the same with others, while still maintaining some form of contact with the earlier contacts. If my experiences with other companies are any indication, a few months of this "personal touch" will yield some rather amazing results.

For those in branch management and executive positions, the message should be clear too! It is necessary to get out and around the territory regularly, talking with customers, prospects, suppliers and others who can affect your company's market position and future. Make sure that the word "people" is never forgotten.

A third result of the "Excellence" study is that productivity improvement is not achieved through machines alone. The truly outstanding companies have learned that productivity really improves when:

- employees understand what is expected of them.
- they are given the proper training and tools to do the job.
- their performance is measured and rewarded in proportion to their accomplishments.

When we think about the meaning of the word "productivity," we see that it has two parts—one dealing with efficiency and the other with effectiveness. Efficiency is concerned with doing things with the least amount of resources possible. A car that gets 100 miles per gallon is four times as efficient as one that gets 25. However, the 100-mpg car may be very efficient and yet not be at all effective. It may be able to carry only one person, and only for short distance on level ground. Effectiveness has to do with how *well* a person, a machine or an organization performs. Efficiency is concerned with doing things right, while effectiveness deals with doing the right things.

A productive company invariably is a great place to work, and it tends to be among the most profitable in the industry.

High levels of productivity are achieved by doing the right things (like consistently rendering fine customer service) while, at the same time, doing things right (by using the talents and tools of an organization as efficiently as possible). When the productivity equation is complete, you are highly effective in satisfying needs of customers, suppliers and each other, and you are efficient in how you spend your valuable resources. A productive company invariably is a great place to work, and it tends to be among the most profitable in the industry.

In this light, let's look at wholesale distribution and improving productivity.

The first step in improving productivity is to carefully assess each part of the business and each element of a job. Ask yourself, "Are we (and am I) doing the right things?" "Are we performing jobs that must be done to satisfy the needs and

expectations of customers, suppliers and others we serve?" "Are there some things that we should be doing but aren't?" "Are there some things we are currently doing which are unnecessary?" Also, ask, "Are we doing things right?"

"Do we have the proper tools, systems and procedures to do what is expected?" "Is my job and what is expected of me clear?" "How can my function or department work more smoothly with the others?" "What are the time and effort wasters, and how can they be minimized?" These, and similar questions need to be discussed within the company. Some answers may be easy while others may require some teamwork from several parts of the company.

Productivity improvement must be a part of everyone's job. It is not just a matter of executives, branch managers or other managers. Even though productivity improvement is the most fundamental task of management, and management must set the pace to foster the right attitudes and atmosphere, everyone in the company has a vested interest in the productivity of that company.

Another finding from the "Excellence" study is that the top performers foster entrepreneurship within their operations. People are given the latitude to grow with their jobs and to make decisions on improving their approach to assigned tasks. Managers are encouraged to think independently and to develop a managerial style befitting local conditions or the situation at hand. These companies encourage very little rubber stamping and a minimum of procedures, outside of those essential to coordination and communication. When people are given an opportunity to design their own work or to share a company's procedural decision, they are far more motivated and productive than when they have no latitude.

As wholesaling moves into this new era, it is an ideal time to examine individual roles and contributions to a company. Take a close look at what you do. How could you do it better, easier or in a way that is more interesting and fulfilling? Discuss your views with others in the organization, and if appropriate, make some changes that will be both personally satisfying and more responsive to a service commitment.

Outstanding companies are pretty tight ships. The line organization is action-oriented, with a limited number of staff people who are simple and streamlined. This helps the businesses to move quickly and decisively, with a minimum of wasted effort. Also, in keeping with the action orientation and entrepreneurship characteristics already mentioned, these companies' organizational structure is designed to be flexible and responsive to a changing business climate.

For wholesale distribution, the implications are clear: the marketplace is in a constant state of flux, and successful companies must be sufficiently lean and agile to adjust their customer approach as needed, while at the same time, they must maintain the closeness to the market mentioned earlier. Further, customers and suppliers should view wholesalers as dynamic organizations, able to roll with the punches. They need to know that you are organized to serve them well.

The excellent firms are also noted for sticking to their knitting. They build on what they do best and avoid ventures that dilute market effectiveness or operating efficiency. The successful company must know what sets them apart from their competition, what gives them an advantage in the eyes of their customers. That distinctive competency, that differential advantage must be strengthened and it must become the foundation upon which the company grows.

When a company decides to make customer service its differential advantage, it has made quite a commitment. Once it is known that customer service is that company's ethic and mission, the people in that organization must live up to it—in word and deed, and in the marketplace as well as within the company.

At times it is difficult to stick to a commitment. We are all tempted by other opportunities and "the easy way." But those whom you serve will be paying close attention to how well you deliver on your promises. If your sights are properly set, your customers and suppliers will see what the company stands for in the marketplace. But the benefits are legion: the better you become at delivering valued services, the stronger the ties will be between you and those you serve. Things can only get better.

A couple of final observations...The truly successful businesses are led by executives who take a hands-on approach to management. They clearly state their views, values and expectations, both for their company's approach to the marketplace and for their employees. True leaders are in tune with their markets and with their employees. Their style of leadership sets an example for their organization and the industry as a whole. These leaders are willing to roll up their sleeves and work with the rest of the company.

The following final comments are called "Marketing Directions for the 1980's" since they capture the essence of this paper. In renewing a commitment to excellence in customer service, try to remember that personal excellence is achieved through the careful blending of several ingredients. Companies and individuals alike will need to evaluate themselves along these dimensions in meeting present opportunities and challenges. Those who get high ratings on the following attributes are the real contributors to excellence.

ATTITUDES—Your attitude toward customers, suppliers, your fellow associates and your company will determine your ability to make a contribution. People with positive attitudes can move mountains—or at least they are willing to try. Those with negative attitudes or feelings are always finding reasons why they cannot achieve their objectives.

ROLES—As the service expectations of customers and suppliers increase and competition intensifies, roles and responsibilities must be well understood, and individuals must be trained and directed to achieve excellence.

INVOLVEMENT—Being a part of your company and seeing how you contribute is just the first step in getting involved. Not only must you understand what is expected, but you also must be willing and able to pitch in and work with your associates.

PROFESSIONALISM—The professional—in business as in sports—is one who strives to improve his or her performance. Practice, discipline and training are a way of life for a true professional. The prerequisites for business excellence in the 1980's are far more demanding on your skills and talents than ever before. Increased professionalism is a necessary investment for the future of both the individual and the organization.

COMMUNICATIONS—How well you communicate with customers, suppliers and other associates ultimately dictates the overall effectiveness of your organization. Try to consider better, easier ways to share information inside and outside the company. Frequently, it is the smaller items that make the difference: How much of your telephoning and note writing is really needed? What are you doing that needs to be communicated to others in the company? Are meetings well run? When you communicate with people outside the company, do you get through loud and clear, or is the paperwork or message garbled?

COMMITMENT—When all is said and done, this is perhaps the most important consideration of all. Individuals who are concerned about their own futures and that of the company will make the extra effort, the commitment to self development and to the organization. And I might add, the organization must also make a commitment to you.

In conclusion, the wholesale distribution is at a major turning point in its development. You are here to consider this future course as it impacts you, your organization and the industry as a whole. And a commitment to excellence imposes requirements on everyone involved, but it also promises personal and professional rewards for all.

As you contemplate the future, please remember that the future is already here. You are shaping—if not making—your own future.

Denis F. Healy, Ph.D.

Dr. Healy is a nationally recognized author, researcher and advisor on business strategy and marketing management. He specializes in the appraisal of market opportunities, design and management of distribution channels, and development of competitive strategies and marketing programs.

He is author of numerous articles on marketing, distribution and planning for business publications and trade journals. His book, **Increasing Profits Through Better Marketing: The Marketing Productivity Audit** *is recognized as a leading work on distribution marketing management. His new book,* **Branching and Market Coverage: Growth Strategies For Wholesaler-Distributors**, *is destined to be a best seller.*

PRINTING PAPER

1985 PUBLISHING TO SHOW GROWTH

Consumer magazine advertising revenue is expected to show a 20% jump in 1985 according to a recent study. The total number of ad pages should increase by 8% with circulation gains of 2-3%.

Business publications are expected to grow more slowly with a 2-4% rise in ad pages and a 12% increase in revenue. Advertising spending in direct marketing should see a 10% increase in 1985. The new postal increase is a concern for bulk mailers.

MATERIALS HANDLING IS THE "NEW PRODUCTIVITY FRONTIER" FOR PRINTERS

"The printer who has overlooked the importance of the materials handling function will find it one of the fastest ways to improve productivity." This, according to a new NAPL report, is something of which all printers and their suppliers should be aware.

Materials management encompasses all aspects of materials specifying, procurement, storage, accountability, handling, and use—everything involved in manufacturing a product and distributing it. Each of those aspects is discussed in the report, and recommendations are made on how to manage them.

While management systems outlined run the usual gamut from manual to robotics, the report strongly advises implementation of at least some system *now*. It further recommends that responsibility for the system be placed in the hands of a top management representative.

The new NAPL report "The Next Productivity Frontier: Materials Management" is available from the NPTA Communications Department for $7.00. Paper merchants should buy copies to drop off at their customers. They certainly would appreciate it.

REAGAN NAMES NEW PUBLIC PRINTER

President Reagan has named Ralph E. Kennickell, Jr. as Public Printer. As the 21st Public Printer, the 39-year-old Kennickell heads the U.S. Government Printing Office (GPO), one of the largest printing and information disseminating organizations in the world. With more than 5,500 employees, GPO is the largest industrial employer in the Nation's Capital. Before his appointment as Public Printer, Kennickell served the Reagan Administration at both the Treasury Department and the Small Business Administration.

A native of Savannah, GA, the new Public Printer went to work in 1971 for the Kennickell Printing Company, a family-owned firm since 1892.

HOME COMPUTERS TURNING INTO HOME PRINT SHOPS

The inexpensive dot matrix printer is a boon to both the home computer user and the paper supplier. Sales of these units are skyrocketing as purchase prices fall and users want to unlock their data from the confines of the electronic box.

Software abounds that will help home computer users turn their printers into sophisticated reproduction devices. Form letters, a typical word processing function, are only the tip of the iceberg. Now, graphics packages are finding their way into the home for use by parents and children.

There are programs that will automatically design and print greeting cards, stationery, banners and more. Print-by-number pictures with "canned" illustrations help children print their own cartoons. Graphics tablets and touch-sensitive screen devices make it easy to create illustrations that can be printed out in color.

Children used to get to little rubber stamp printing set for Christmas. Now that has been replaced by the home computer. And because that computer can do so much more, mommy has had to add "paper for the computer" to her weekly grocery list.

INDUSTRIAL PAPER

COMPRESSION PERFORMANCE GAINS IMPORTANCE IN PACKAGING

The Fibre Box Assn. and the American Paper Institute report that they are jointly developing a new system of specifying corrugated board which they believe will make packaging design more effective and improve vertical stacking strength.

The proposal would modify the current rail Rule 41 and truck Item 222 requiring that corrugated boxes meet specified basis weight and bursting strength criteria.

Their system emphasizes a compression-related characteristic of corrugated board—its edge crush value. This value would be slightly higher than the one obtained today on regular production corrugated boxes. Basis weight of facings would not be changed from the current levels, but bursting strength requirements for most grades would be reduced by about 20%.

These changes would allow containerboard manufacturers to expand their fibre base and change their operations to produce linerboard with better stiffness (e.g., compression strength), without sacrificing the box's ability to retain its contents.

The two organizations are now field testing the boxes with the new specifications in rail and truck shipments.

Meanwhile, Owens-Illinois is trying to "change the direction of the entire industry to compression performance" with a

product it has developed called Ultrastak, asserts Joseph Bick, manager of product and technical development.

Ultrastak, a family of high-compression kraft linerboard and heavy-duty corrugating media, is manufactured with a ring crush specification rather than with a basis weight specification. (Ring crush is the property of paper directly related to box compression strength.) As a result, it is designed to be 20-25% stronger in compression strength than the average paper container and more cost effective, he claims. "This entire industry is [now] based on mullen and basis weight. Everybody's tied into carrier regulations, but we're trying to break that. We're trying to get people to think in terms of buying what they want, rather than buying what the rules say," Bick concludes.

USING PAPER BAGS COSTS LESS THAN USING PLASTIC, MAJOR SUPERMARKET STUDY FINDS

In what has been claimed to be the most extensive independent study of its kind in the history of the supermarket industry, results indicate that paper bags cost less to use than plastic bags.

When all cost factors are combined and analyzed, virtually no practical supermarket situation exists in which using plastic bags cost less than using paper bags, the study found. The study, conducted by Case and Company, Inc., an independent international management consulting firm specializing in analyses of supermarket operations, found that:

- A paper-based bagging system, beginning with the purchase of the bags and ending with the customer checkout, is 3% to 10% less costly than a system utilizing plastic bags. This is equivalent to a 15% to 30% decrease in purchase costs of paper bags.
- The cost savings of paper over plastic are due mainly to paper's capacity to be packed more rapidly than plastic, significantly reducing labor costs.

According to the Case study findings, the combination of labor and savings and the need for fewer bags in a paper bagging system more than offsets the higher costs of purchasing and delivering paper bags. The following findings also emerged from the study:

- The more items sold per shopper, the greater the advantage of the paper bag, due to its larger capacity.
- In supermarkets using scanning devices at checkouts, paper is even more efficient if a checker/bagger team is employed, because paper bags provide a better opportunity for baggers to work productively.

The study, requested by the American Paper Institute, concluded that the precise cost saved by using paper bags will vary from store to store and is based on the difference in the purchase cost of paper and plastic bags, the number of items per customer, types and sizes of bags used, a store's procedure for using baggers, checkout design, the extent of double bagging, and hourly wages.

DELIVERIES UP FOR PAPER SHIPPING SACKS

During the second quarter of 1984, shipments of paper shipping sacks increased 10.5%, more than doubling initial projections for this period. The Paper Shipping Sack Manufacturers Assn. (PSSMA) says shipments for the first six months rose 11%, following a very active first quarter.

Brent Dixon, executive director of the PSSMA, says deliveries are expected to be strong through the end of 1984 and are predicted to remain stable for the first half of 1985.

End-user categories with the greatest increases included the building, seeds, flour and flour mix, clays and absorbents industries.

SHIPPING LIQUIDS BY BOX

Transporting liquids in corrugated boxes rather than in metal drums is taking root. Anywhere from 100-300 gallons of liquid can be transported inside a specially-constructed bag placed inside a corrugated box; for instance, tomato paste, jelly, even adhesives can be moved in this manner.

What are the benefits? The method provides cost savings. Shipping four 55 gallon metal drums (the equivalent of one corrugated box) costs $72, as compared to $40-50 for the box. Disposal is easier too.

Liquids do not freeze in the box. Because of the heavy weight of the board, the fluting in the box provides air insulation space, thus retaining heat. For products which spoil or lose their usefulness when frozen, this could have major implications.

STRETCHING THE USE OF STRETCH WRAP

According to a recent article in *Handling and Shipping Management* magazine, some companies have recently developed a new linear wrap product, a netting made from linear low-density polyethylene. The wrap provides about 15% additional stretch when running on a conventional wrapping machine.

It is prestretched in the manufacturing process unlike most stretch film which is stretched on the machine as a load is being wrapped.

Since the netting offers "breath-ability," it is a particularly useful in securing loads packed with a high moisture content, like flour, because it allows moisture to escape while the load is being shipped. It is also beneficial in transporting chilled fresh produce which needs air circulation to keep it fresh.

One company has introduced a new powered technique to prestretch their film before the product is placed on the pallet to be wrapped. They now can achieve 200% stretch.

The equipment used has a brake system that stretches the film by passing it through rollers. The system allows much flexibility in the amount of braking applied to the roll. By varying the braking, extra stretch is achieved, packing is tighter, and less film is used. Although steel strapping is still the most durable for load restraint systems, polyester strapping is growing in acceptance.

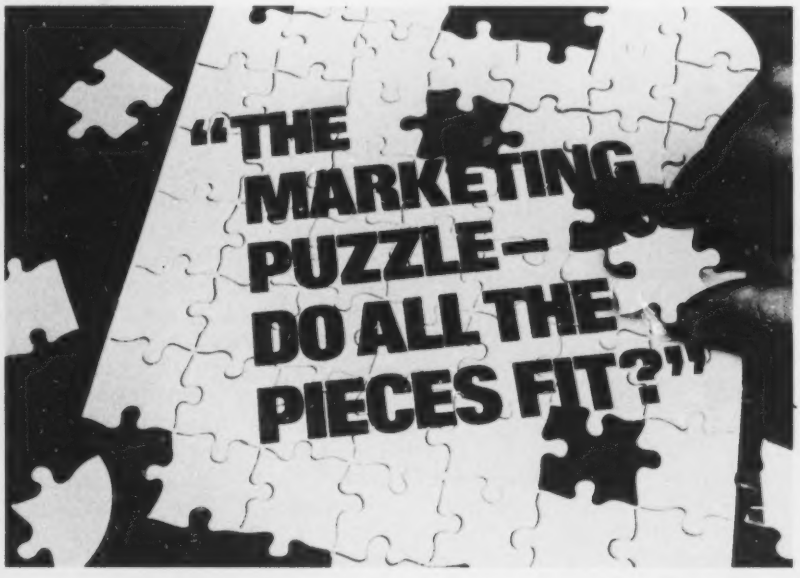
MEASURING PROFITABILITY: BEYOND

This article is an excerpt from Peter Mullins new book titled: **Measuring Customer and Product Line Profitability.**

John Phillips, the president of Delta Distribution, looked appreciatively around his office. Delta had come a long way since he and two friends had started it in 1965. Still, he was becoming increasingly concerned about Delta's recent performance and what that might mean for the future. In fact, that was the subject of a meeting he was about to have with Sam Edington, Delta's Sales Vice President and Chris Turner, the Controller. Sam and Chris had organized the firm with John and had been with it ever since. All three of Delta's owners were bright and hard working. All had been employed in various phases of the industry before they had combined to start Delta.

Still, John had those nagging doubts. As Delta continued to grow strongly, was it getting beyond their collective management abilities? Delta had opened two branches in the mid and late 1970's. While both branches were profitable, John felt that they suffered from being physically removed from top management attention. He had heard an interesting talk on the need for changes in management style as a firm grows and wondered if Delta wasn't getting to that point. His thoughts were interruped by the arrival of Sam and Chris for the meeting.

After the usual small talk, John got to the point. "Well, as you fellows know, I think it is useful for us to occasionally set aside day-to-day problems and review how we have been doing and where we may be going. Chris, have you had a chance to dig into last year's financial statements yet?"



"Yes, John. I looked at both our performance for last year and our three year trends in several key areas. Let me summarize:

- Our sales growth had held up remarkably well. We have consistently been in the top 10% of all firms in the industry. Unfortunately, that's just about all the good news.
- Our gross profit margin has been declining for the past several years. At the same time, operating expenses have been creeping up. As a result, our net profit margin has declined each year and is now near the lower quartile for the industry. (As you remember, the lower quartile is the lower 25% point; only one quarter of the firms in the industry had a lower performance.)
- Things aren't any better in the asset management area. Because of market pressures and our responses to them, our collections of accounts receivable have been lagging and our average collection period has been getting longer. At the same time, our inventory turnover has been steadily declining. We all know the reasons for these trends, or at least think we do, but the result has still been a rapid increase in our investment in assets.
- As a result of the decline in our net profit margin and the sharp increase in our asset investment requirements, our return on assets is now below the industry lower quartile. This, coupled with our high sales growth rate, has resulted in an increased reliance on debt financing. As you know, we have been pushing our suppliers pretty hard and at the same time our bank debt has increased substantially. In fact, Fred Friendly, our loan officer down at First National, has been getting rather uncomfortable with our financial position. They calculate the same sorts of financial ratios that we do on our customers and are becoming concerned with the deterioration in some of our key performance measures. I think we've got time to get things turned around, but I'm afraid First National is going to be reluctant to increase our credit line any further."

Chris' short and rather negative presentation took John and Sam somewhat by surprise. They knew several areas needed attention but were not really aware of the apparent breadth and depth of Delta's problems.

John spoke first: "Well Chris, what should we do?"

Chris puffed on his pipe before replying, "I think we need to tighten up on our pricing policies; let some people in the office and sales staff and in the warehouse go; get tougher on

by Peter L. Mullins, Ph.D.

TURN & EARN

credit granting and collections, and, if necessary, drop some marginal product lines (here he looked at Sam) even if it means slowing our sales growth."

Sam smiled. This was round 826 of the running battle he and Chris had carried on in more or less friendly fashion since 1965. "That's all well and good Chris, but it might also put us out of business. Our best accounts generate the most volume, get the best price and often are slow pay. Sure, we provide plenty of extra services and stock special items for them, but we have to do that or they'll go somewhere else. If we lost 20 or 30% of our sales volume, what would that do to our profitability?"

Chris grinned, "I knew I shouldn't have given you that article on fixed costs and variable costs, Sam. I hate to admit it, but you may be right."

John interjected, "OK you two, knock it off. But, all joking aside, I think we're in agreement that we have some problems. The steady increase in our reliance on debt financing is particularly worrisome considering our declining profit trend. Pretty soon we won't be making enough to cover our interest costs. The question is, how do we proceed to define exactly what the problems are and then, how should we deal with them?

"Over the past few years, we have spent many hours arguing about various marketing and financial policies, but have not really come to any conclusions. It appears that we are going to have to try to take a new approach before we get in a real bind."

"Chris, you did a good job analyzing what appears to be wrong with our financial position. What do you think we should do?"

"Well John, I wish I knew for sure. One possibility did come to mind this morning while I was shaving. You remember this was my year to go to the NAW Annual Meeting. I happened to join a group of several people during a coffee break between sessions. They were apparently from businesses similar to ours but in other commodity lines. The interesting thing is that they were talking about their different approaches to managing product line and customer profitability. It appears that some firms have gotten very sophisticated in this area and are using the results of such analyses as a major source of information to help in making many policy decisions. I was so intrigued by the conversation that I collected business cards from each of the people in the group.

"Give me a couple of weeks to do some homework. I would like to talk to some of those people in more depth, dig into whatever information sources they can provide and perhaps even visit with one or two of them. I'll put something together before our next meeting if the area shows any promise."

John looked at Sam, "Sam, what do you think?"

"Well John, I'm too busy fighting off the alligators to get much done draining the swamp. If Chris can come up with a way to improve our ability to measure and to manage product line and customer profitability, I think it would be great, but I'm skeptical."

Chris stood to leave, "OK guys, I'll dig into the question some more. I'm not at all sure this is the magic answer, but those people at the NAW convention were surely excited about the results they were getting."

The next month went quickly. Delta was holding its own in the market place but profitability was still anemic. The three owners met on Saturday to go over what Chris had learned.

Chris spoke first: "Well guys, it's been a pretty busy month. I've talked to a lot of people and done some reading. It appears that the product line and customer profitability concept is pretty hot in some wholesale-distribution commodity lines and much less so in others. Even in commodity lines where some firms are very much into this area, most wholesaler-distributors are only getting started. In fact, in most commodity lines the 'state-of-the-art' in measuring customer and product line profitability hasn't changed much in the past twenty or thirty years.

"Well John, I'm too busy fighting off the alligators to get much done draining the swamp..."

"Although I'm not too sure, it appears that those commodity lines that are more deeply into this area seem to have the following characteristics:

- Larger average firm size.
- Highly competitive economic environment. This typically means considerable pressure on gross margins, probably as a result of handling more commodity-like products for which price is seen as the dominant factor differentiating the attractiveness of competing wholesaler-distributors.

• Order entry into a computer either through direct electronic entry by customers or through an inside sales person using either a CRT hooked directly into a computer or a hand written order that is then key punched. The key is the focus on individual transactions. The data from these transactions are used to develop a 'data base'. In turn, this data base is used to support a wide variety of computerized profitability studies. I have summarized the concept in Exhibit 1-1.
• However, there are also sharp people in many commodity lines that don't yet have a computerized data base but are still doing these types of analyses by sampling transactions and using calculators.

"Because these characteristics apply reasonably well to the commodity lines we handle, I thought it was worth digging deeper. I found that we are already making many analyses that focus on various aspects of product line and customer profitability. For example, at the present time we are gathering some individual account data that we believe are related to customer profitability such as:
• total sales volume produced by each account;
• percentage sales change from period to period for each account;
• total gross margin dollars produced by each account;
• gross margin percentage achieved for each account.

Similarly, we are attempting to evaluate product line and supplier profitability by measuring:
• the total sales volume achieved;
• percentage sales increase;
• gross margin percentage obtained for each product group, each product line and the major lines of each supplier.

We are just developing the capability to:
• calculate inventory turnover by product line and supplier;
• refine calculations of sales and gross margin dollars and percentages into finer classes such as warehouse sales and direct sales;
• develop ways to tie special inventory costs such as product returns and allowances and write offs back to specific suppliers and lines.

These types of calculations seem to be important to most people. In fact, we may be more advanced in this area than are most firms.

"However, in talking to various people and thinking about it further, I believe we sort of evolved into our present system. I'd like to back up and spend some time developing, if you'll excuse the expression, a theoretical approach to the problem and move from there into the costs and benefits of applying it to our situation."

At this point Chris got up: "Do you think it's worthwhile to spend the rest of the day going over what I've come up with to this point or would you rather hold off for awhile?"

John and Sam looked at each other. Finally, Sam said, "Well it's probably going to rain anyway. Let me make a couple of calls and I'm game." John agreed: "Let me check the mail and I'm good till four o'clock."

When John and Sam returned, Chris was still organizing his charts. Sam smiled at John and needled Chris, "Chris, you surely were confident that we were going to be willing to invest our Saturday in this exercise. At times, I think I already know more than I understand about product line and customer profitability."

"Well Sam, it's this way," Chris replied. "The people I met at the NAW convention were definitely sharp and appeared to be successful. Knowing that we were similarly sharp and obviously successful, not to mention our high level of warmth and class, it seemed like an area we should explore further."

"Touché."

Peter L. Mullins, Ph.D.

Dr. Mullins received his Ph.D. in Finance from Stanford University and is one of the founders of Management Foresight, Inc.; an organization dedicated to serving the wholesale distribution industry. MFI is presently providing services to numerous national trade associations such as the Performance Analysis Reports (PAR). In addition, for several years MFI has been engaged in a wide variety of activities for individual firms, such as financial/operations analysis, financial planning, firm valuation studies and the development of salesmen's compensation plans. He is also conducting a series of seminars on the subject of measuring customer and product line profitability for NPTA.

ACTIVITY

DECEMBER, 1984

PAPER MERCHANT SALES REPORT

NPTA Regions	Sales Per Selling Day December 1984 - Compared To - December 1983	Sales Per Selling Day December 1984 - Compared To - November 1984	Sales Per Selling Day 1984 Year-to-Date - Compared To - 1983 Year-to-Date	Days Outstanding (Accounts and Notes) At Close of December 1983	1984	Calendar Days' Cost* of Ending November Inventory 1983	1984
INDUSTRIAL							
1	+ 7.7	- 2.6	- 3.5	43	43	–	–
2	+ 7.7	- 3.2	+12.1	36	34	51	48
3	- 1.0	-11.4	+11.4	35	38	59	54
4	+10.3	- 2.4	+12.1	36	38	56	57
5	+ 0.7	- 2.3	+ 5.9	31	34	63	58
6	+ 4.8	- 0.2	+11.8	N/A	38	–	–
7	+ 3.9	- 3.5	- 5.5	36	42	–	49
NY Metro	+ 8.2	+ 0.1	- 1.9	47	48	–	–
Chicago Metro	- 0.8	-14.9	- 1.3	50	38	–	48
LA Metro	-11.3	- 5.3	+ 9.4	54	51	–	38
US	**+ 2.4**	**- 4.7**	**+ 7.3**	**39**	**41**	**58**	**51**
PRINTING							
1	+12.8	+ 3.8	+23.7	51	51	–	–
2	+ 3.5	- 6.1	+17.1	44	47	62	59
3	+ 8.9	- 3.8	+21.6	44	44	76	72
4	+ 7.9	- 2.8	+16.7	46	45	74	64
5	+ 0.7	- 2.1	+15.3	44	39	90	72
6	+ 7.0	- 1.4	+11.0	N/A	40	–	–
7	+ 5.1	- 2.5	+16.1	44	41	85	–
NY Metro	+10.4	- 4.2	+27.5	44	41	–	–
Chicago Metro	+10.5	- 5.3	+26.8	45	43	–	–
LA Metro	+ 1.8	- 5.1	+13.6	33	43	81	77
US	**+ 6.8**	**- 3.2**	**+18.9**	**44**	**45**	**78**	**68**

*To calculate monthly inventory turnover, divide 365 calendar days by # of calendar days cost, e.g., 365/73 = 5.00x.

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3: AL, FL, GA, NC, SC, TN & VA
Region 4: IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5: CO, IA, KS, MN, MT, NE, ND, SD, WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7: AR, LA, MS, OK & TX
NY Metro: NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union

Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro: Cities: Los Angeles, and San Diego. Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days
The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

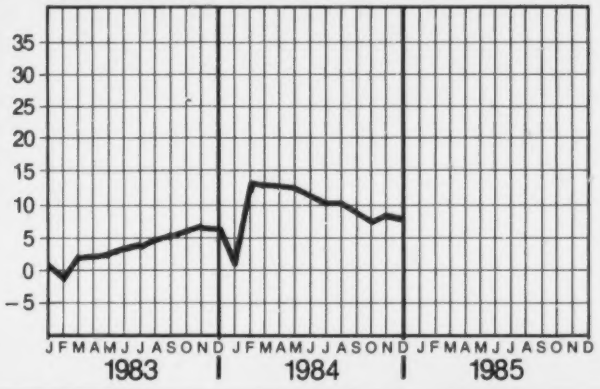
PAPER MERCHANT SALES REPORT

SUMMARY NATIONAL TREND INFORMATION: 1983 TO PRESENT

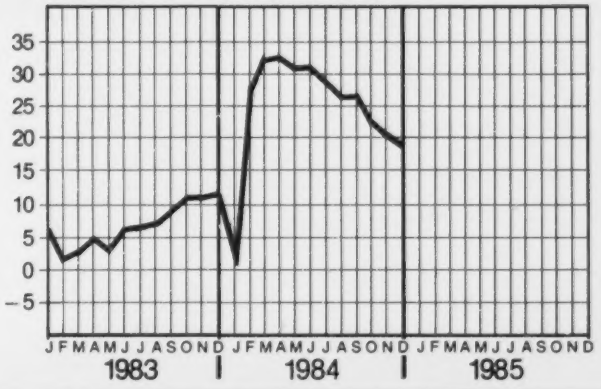
SALES INFORMATION

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY

INDUSTRIAL PAPER SALES NATIONALLY



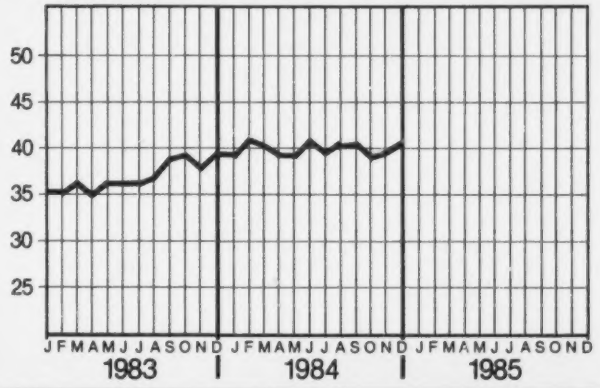
PRINTING PAPER SALES NATIONALLY



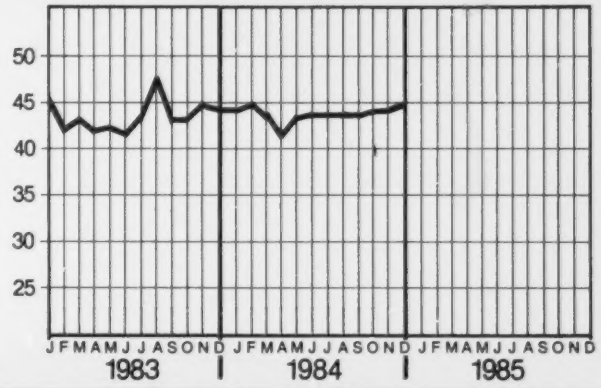
RECEIVABLES INFORMATION

DAYS OUTSTANDING—ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



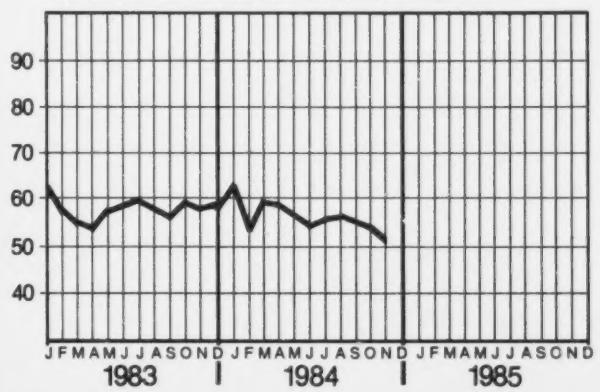
PRINTING PAPER RECEIVABLES NATIONALLY



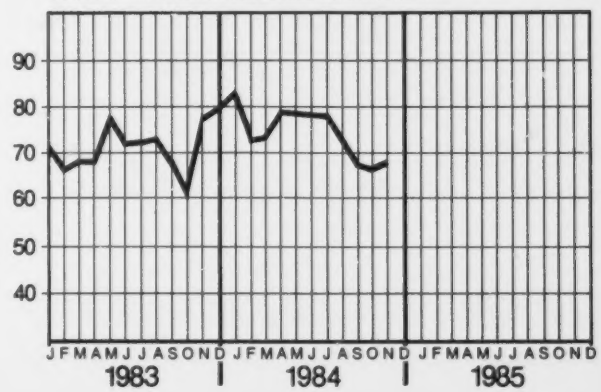
INVENTORY INFORMATION

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

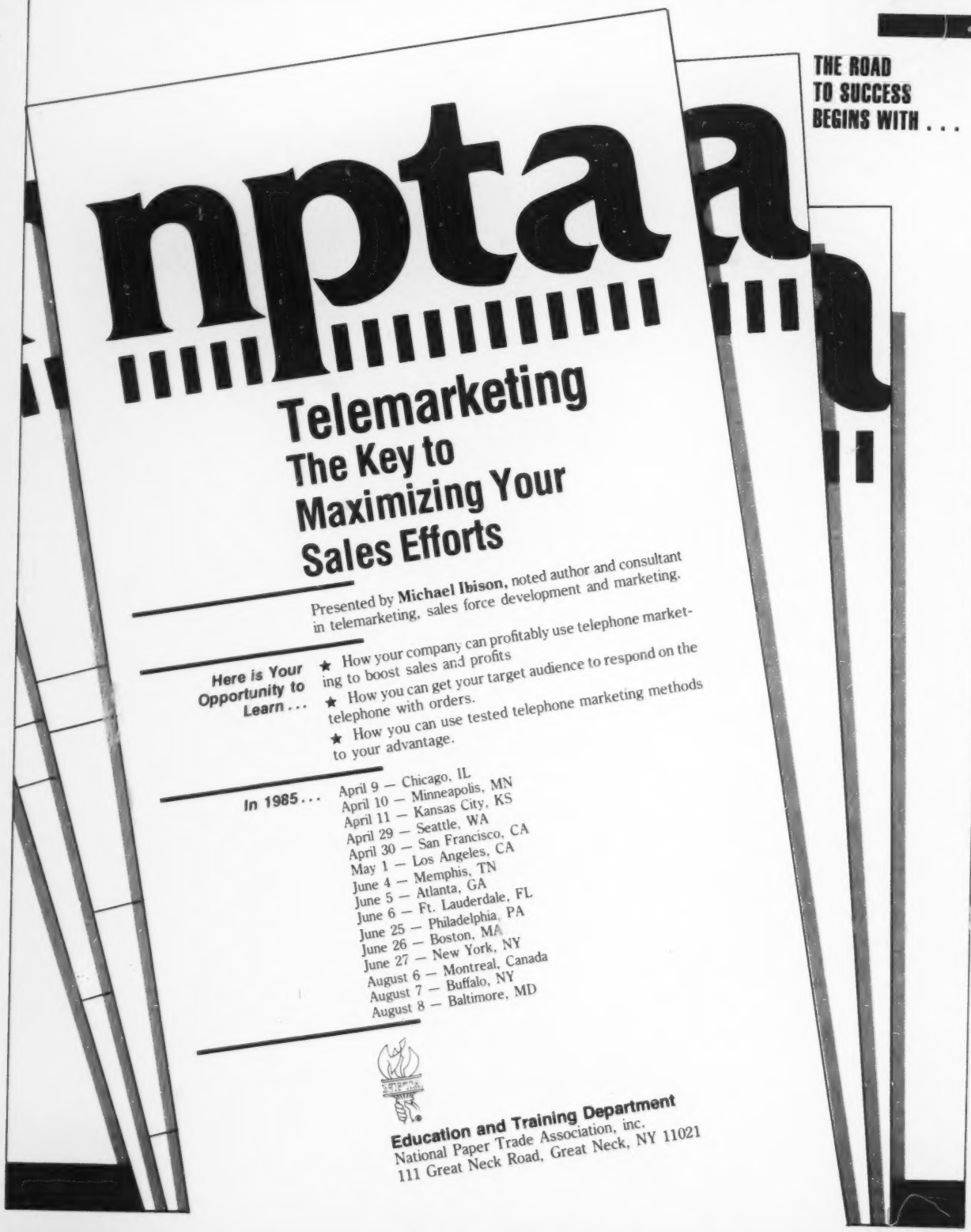
INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



Educational Programs 1985


THE ROAD
TO SUCCESS
BEGINS WITH . . .
npta
Telemarketing
The Key to
Maximizing Your
Sales Efforts
Presented by Michael Ibison, noted author and consultant in telemarketing, sales force development and marketing.
Here is Your Opportunity to Learn . . .
★ How your company can profitably use telephone marketing to boost sales and profits
★ How you can get your target audience to respond on the telephone with orders.
★ How you can use tested telephone marketing methods to your advantage.
In 1985 . . .
April 9 — Chicago, IL
April 10 — Minneapolis, MN
April 11 — Kansas City, KS
April 29 — Seattle, WA
April 30 — San Francisco, CA
May 1 — Los Angeles, CA
June 4 — Memphis, TN
June 5 — Atlanta, GA
June 6 — Ft. Lauderdale, FL
June 25 — Philadelphia, PA
June 26 — Boston, MA
June 27 — New York, NY
August 6 — Montreal, Canada
August 7 — Buffalo, NY
August 8 — Baltimore, MD
Education and Training Department
National Paper Trade Association, inc.
111 Great Neck Road, Great Neck, NY 11021

MARKETING

TELEMARKETING FOR WHOLESALER

To properly position first the subject of telemarketing and then the concept of telemarketing in the context of wholesale distribution operations, it is first necessary to define what telemarketing is and is not. Telemarketing is the strategic and tactical use of a high frequency, high volume contact resource in an overall sales plan. Telemarketing is *not* the form of contact we are all too familiar with at home. The typical call we receive at home and at work belong to a general category I refer to as "tele-irritation." The essential difference is a thought process. This thought process has three essential elements: a defined set of purposes and objectives; selection of people with telemarketing skills; training designed to support the purpose and objectives.

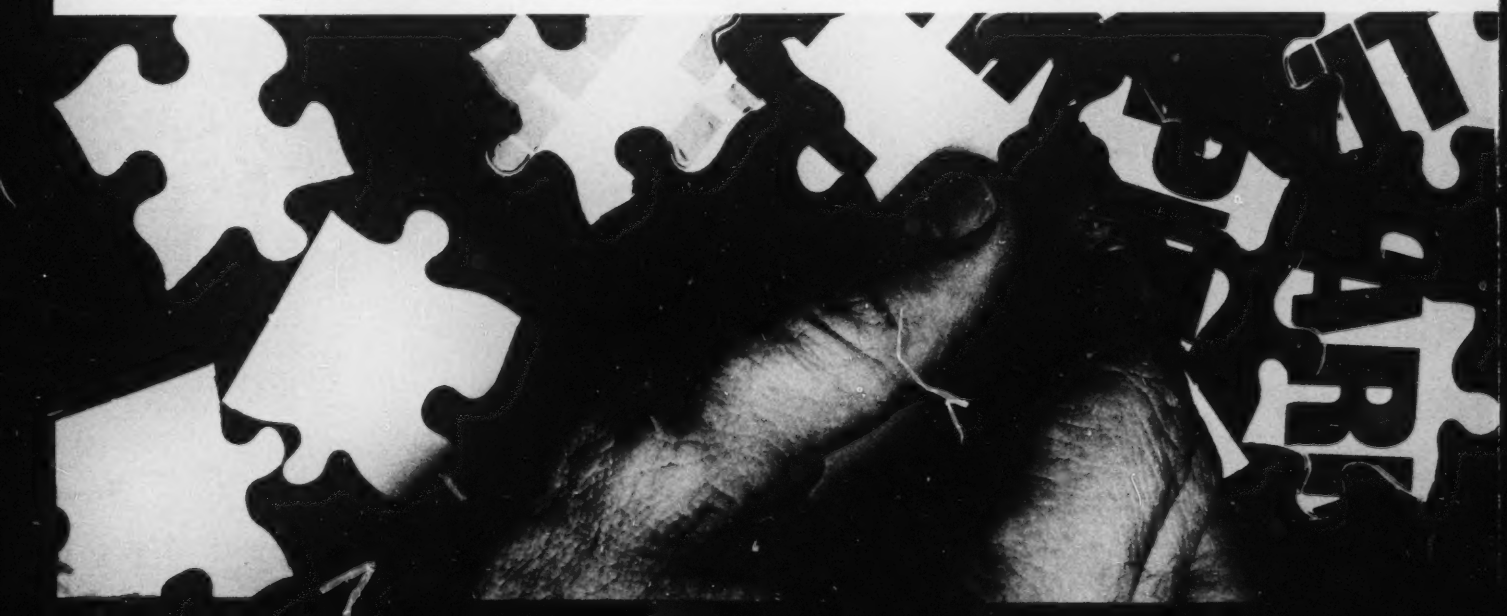
Let's first consider the typical nature of sales in a wholesale operation. The sales effort is focused almost totally on the outside sales personnel. Typically, these outside sales people are paid on a straight commission basis or some payment form with essentially the same result as straight commission. Assuming that the sales people have been in their assignment for some time, they spend the vast majority of their time (often 80 to 90%) in an activity I generally refer to as Base Management. Base Management is defined as those activities designed to service and/or retain business from the existing base of accounts. Base Management is only one of three types of activity for a wholesaler-distributor sales person. The three are: Base Management; Growth Management; Market Development.

Growth management involves selling more to existing accounts. This activity is also referred to as account penetration, but the concept of Growth Management involves a good deal more than does account penetration. Growth Management considers selling accounts on new applications, systems selling and other approaches not generally considered in penetration. Market Development is the securing of new accounts through a variety of means such as: new geographic coverage; entirely new product lines; contact with opportunity accounts.

When a sales person is new to a company, there is a tendency for him to spend a great deal of time in Growth Management and Market Development simply because he has no large base of active accounts at first. Over a period of time, a base of accounts is built up and the sales person spends more and more time servicing the base. The impact on sales volume is a flattening out or even a mild decline.

The typical response of management is that the sales person may have reached his "comfort zone" or, is simply not working as hard as he did at first. In talking with sales people, it would not seem they are in a comfort zone, nor does it seem that their actual effort has been substantially reduced. It is more a matter of how they are spending their time and effort. Too much of the typical distributor sales person's time is devoted to this activity. The situation is compounded by the fact that as much as 90% of actual customer order activity comes by phone through the order desk function. That function, due to volume, does little more than record the customer order as given by the customer, so, again, no real sales effort is present.

The bottom line is that there is very little sales activity that is growth oriented. Some manifestations of this condition are visible. The typical



Telemarketing is becoming a much more important piece of the marketing puzzle.

by Michael Ibison

DISTRIBUTORS

wholesaler-distributor sees his sales force creating relatively few new accounts and introducing new products very slowly. These conditions exist for a very simple reason; no one is really geared to the activities required to create new accounts or effectively introduce new products. The straight commission pay plans that are the standard create a sales behavior that tends to be short term in nature. Creating new accounts and introducing new products tends to be viewed as more long term in nature. Since the sales person perceives greater immediate reward in short term activities, that is where the focus is.

The application for telemarketing that typically pays the best and fastest dividends to the selling company is in the area of Base Management. The assignment of accounts that basically requires service contacts to telemarketing serves several purposes: reduces sales costs associated with Base Management; provides more frequent and consistent contact with smaller accounts; frees outside sales to do more Growth Management and Market Development activity; creates cost effective ways of assuring greater customer awareness of whole product line; enhances high service image of selling company.

While this is only one of several applications for telemarketing, it is one that can be implemented quickly with immediate, positive impact on sales volume. A side benefit to this approach as a first application is that the telemarketer can develop his sales skills rapidly, thus preparing him for other applications.

It is critical that the implications of telemarketing on the outside sales people be addressed during implementation planning. There are a variety of ways to deal with the possible income impact on outside sales. Selecting the best alternative is a function of the distributor's specific situation and needs. Some approaches are: complete separation of the accounts from outside sales with no compensation for that separation; teaming of the telemarketer with one or more of the outside sales people with a portion of the commission going to compensate the telemarketer; "buying" the accounts from the outside sales people by paying an amount equal to two or three months' commission; phasing in Base Management accounts over a period of time to minimize any immediate affect on the outside sales people.

These are some, but not all, of the alternatives. The proper approach is, again, based upon the specific needs and situation of the distributor. An important part of strategy development is an analysis of the impact of your plan on the income of the outside people.

Selection of the right personnel for the telemarketing function is surprisingly the most overlooked part of most implementations. The idea is to create a professional sales resource that happens to use the telephone for customer contact.

When discussing with management programs that failed, it becomes apparent that with regard to people, the idea was to put someone on the phone, not to create a professional sales resource. As a result, we see surplus personnel from the order desk, outside sales force or elsewhere assigned to the function. Further, we often see telemarketing positioned as a part-time activity for someone whose "real job" may not require the entire day. With no real emphasis, the telemarketing function fails.

Part of the difficulty is that people see telemarketing in a overly simplistic way. Conceptually, it is fairly simple. To be truly successful with telemarketing is not a simplistic thing, anymore than a successful outside sales force is simple. We do, in fact, recommend that existing personnel be considered for telemarketing, due to the existence of product and company procedure knowledge.

If the existing employee has the aptitude and personality for success in the telemarketing role, the program is advanced more quickly. The overemphasis on this immediately available and knowledgeable resource can, however, have a devastating effect on the program in a short period of time. The right aptitude should outweigh immediate knowledge.

Telemarketing also has the effect of solidifying accounts that might tend to "float" from one supplier to another.

Training of telemarketers goes beyond giving them a scripted message to deliver repeatedly. It involves teaching them the specific skills required to be an effective representative of the distributor. Certain aspects of telemarketing separate it from outside selling skills. Voice qualities, voice pacing and intense listening skills are some examples. Certainly, some basic sales skills apply, but the telemarketer is selling in a different environment, and skill in dealing with the differences is critical. A canned approach does *not* develop the proactive sales skills of the telemarketer.

Certainly, a basic flow is required to assure that critical elements of the sales message are delivered, but delivering canned speeches is very different from professional sales skills and is more closely associated with "tele-irritation." Again, the objective is to create a professional sales resource which uses the telephone for customer contact.

As discussed earlier, the creation of a telemarketing resource allows for a good deal of the Base Management function to be done more cost effectively and frees the outside sales people to again involve themselves with Growth Management and Market Development activities. It will be necessary for management to guide the sales force back into those activities and may require a different, more advanced sales skills training to accomplish it. For the most part, distributors do not have a ready resource for handling Base Management activities and the outside sales people fill the void. This does not utilize outside sales most effectively nor does it perform Base Management in the most cost effective manner.

Telemarketing can have a very active role in Growth Management and Market Development. Remember, we are talking in terms of a high frequency, high volume contact resource. Our experience in implementing Base Management applications is that because of frequent and consistent contact, smaller accounts increase their buying volume due to increased awareness of the distributor's whole product line. Telemarketing also has the effect of solidifying accounts that might tend to "float" from one supplier to another for no particular reason. By proactively contacting these accounts, the distributor more nearly realizes the account's total business.

In a plan to increase the geography covered by a distributor, telemarketing allows for a much faster contact with opportunity accounts than is possible in a face-to-face outside sales mode. The new market can be qualified more quickly and meaningful contact established for outside sales people when personal contact is required to secure the account. The telemarketing approach has largely the same effect in a program designed to introduce a new product or product line.

An overlooked, but very effective application for telemarketing is in customer satisfaction assurance. Distributors rely on the creation of a long-term relationship with customers. That relationship is based, from the perspective of the customer, on the overall experience in dealing with the distributor. The initial sale is only the first phase of the relationship. Telemarketing personnel can proactively contact large accounts, new accounts and new people within the account to assure satisfaction in the relationship. By proactively determining customer satisfaction, the company has the opportunity to leave a positive perception of their dedication to service as well as deal with dissatisfaction before it becomes an irreparable problem.

This is a sales activity, if for no other reason, than the dependence of the distributor on long-term relationships. It is one that could be performed by outside sales, and, in some cases, should be. However, utilizing telemarketing in this function will create a controllable, manageable and consistent effort in this important function.

When positioned as a professional, high frequency, high volume sales contact resource, the applications for telemarketing are many and varied.

A meaningful characteristic of telemarketing is that the distributor can enter into it at virtually any level deemed reasonable. Using one telemarketer creates a resource that can realistically make 150 to 165 contacts per week. Adding that level of contact power in a well thought out plan can have a measureable affect on sales in a relatively short period of time. Adding additional personnel in the function has a synergetic effect and sharply increases the contact power. Regardless of the number of people initially assigned to telemarketing, the function is critical to future sales effectiveness.

While there is an ideal physical environment for telemarketing, a reasonable degree of privacy and low noise level will suffice. It is *not* necessary to invest in a "center" concept. If large numbers of people are involved that statement is withdrawn. Most distributors will not have a large number of telemarketers and the investment in physical facilities will be minimal. A good rule of thumb with regard to telecommunications equipment is to provide 1.5 outside access lines per telemarketer and provide convenient internal communications capabilities.

With regard to internal procedures, it is important to remember that the telemarketers are proactive sales people. Therefore, incoming calls from customers should *not* automatically be passed to them. If the order desk can handle the call, they should do so just as they would for an account handled by outside sales. If the customer specifically wishes to speak to the telemarketer, a call back should be taken.

Without these precautions, the telemarketing operation could quickly deteriorate into a second order desk. When considering how to handle specific customer situations, the rule of thumb is to handle them in essentially the same way they would be dealt with if an outside sales person is involved. Another rule is that *situation, not size, dictates when an account is moved from telemarketing to an outside sales person*. There is a tendency to set some arbitrary sales volume as the criteria for moving an account. Accounts are moved only if opportunity for additional sales can only be addressed in a premise contact mode or if the account dictates personal contact. Remember the cost effective nature of telemarketing. If a large account can be handled by telemarketing, and many can, all the better.

Payment plans for telemarketers vary widely. The actual plan established should be based upon the individual situation. The basic concept for telemarketer compensation is that it should be heavily oriented toward base salary with bonus and incentive available based upon the specific applications implemented. The reason for base orientation is that the telemarketer will be asked to perform a variety of applications which may or may not have immediate sales effect. A basic concept of compensation is that people behave as a function of how they are rewarded. Therefore, it is critical that the reward system reward the behavior required for execution of the applications pursued.

In summary, telemarketing offers a real opportunity for increased sales effectiveness and a wholesale distribution operation. The effectiveness of telemarketing is not unlike effectiveness in other aspects of business. Its success will be directly related to the commitment of management and full attention to all the elements of proper implementation. The clear definition of purpose and objectives, the selection of the right personnel and training in the right skills will lead to a successful program.

Michael Ibison

Profiles International Executive Vice President, Michael Ibison, joined Profiles in June 1983 after eighteen years in a variety of sales, marketing and management positions with the Bell System.

He is the author of a number of articles on sales and marketing concepts, including telemarketing, sales compensation and sales development. Mr. Ibison is currently writing a book on the changing nature of sales and sales management in today's marketplace, and is conducting a series of seminars on telemarketing around the country for NPTA.

NPTA LAUNCHES 1985 SCHEDULE OF

The business climate of the 80s and as it is likely to develop during the 90s, poses exciting challenges to the wholesale paper distribution industry. Expanding markets and the introduction of new technology offer increased opportunities for merchants. The ability of the paper industry to continue to cope with the demands presented by these changes of tomorrow depends on its use of effective, modern, industry-specific training techniques today. But how will they learn these new techniques? Who will train them? The paper industry today does not permit its people to learn by the old trial and error method.

The challenge of the coming years requires a new approach to training. NPTA's response to this need is its 1985 educational offerings.

Can NPTA Programs Benefit You?

Training or teaching is one of numerous managerial activities. Like many other such activities, one often chooses to do it...or not do it. It is an individual choice, but the measure of whether one should do it or how much time one should spend doing it is the same as for any other activity. How much does it contribute to the bottom line?

Every minute a manager spends in training means a minute he or she will not be doing anything else. Some minutes pay off more than other minutes, so the rule is simple: Do only things that provide maximum pay off.

Viewed in another way, training is a form of investment. The best investment is one that produces high return with minimal risk.

Training is a management tool. It is not like advertising or public relations, where the results are easier to measure. Training helps to manage employee behavior and skill development by teaching the employees where to do it, why to do it, and by providing the information and knowledge required to do it. Like all the functions in a paper company, a major reason to train employees is to increase sales and profit and to lower costs. Properly planned training is absolutely measurable. After assessing paper merchants' needs and interests, NPTA has developed a multi-faceted educational program for 1985.

Programs to Provide Concepts and Skills

Investment in training can now provide greater personnel productivity, more bottom-line dollars, and a positive impact which will aid the company's performance throughout the year.

Seminars, conferences and university programs require an investment in time and money. Is it worth it? Like any other investment, the potential return must be great enough to justify the time and expense. NPTA has designed its programs to fill specific training objectives for paper merchants, thus insuring that the sessions presented will provide the expected return.

Like any other investment, the potential return must justify the time and expense.

Seminars

Measuring Customer And Product Line Profitability - A Key to Survival And Growth In The 80s

This one-day seminar, presented by Dr. Peter Mullins provides a system to evaluate the "good deals" that are brought to merchants by their sales people and suppliers.

Which *are* the company's most profitable product lines and customers? Which are the company's least profitable lines and customers? What specific steps should you take to improve your profitability? This seminar will give you the answers to these and other questions.

Marketing Value Added Service

Value added selling is a marketing principle by which the sales person sells the total concept of value and not just the price of the goods themselves. In his one-day presentation, D. Bruce Merrifield shows how developing new value-added extra services can enable the distributor to:

- grow faster than the market with similar margins
- prevent erosion of existing business because of more satisfied customers
- increase the penetration of new large accounts

Marketing Value Added Services shows the distributor how to identify opportunities that are available to him, as well as what the value might be in specific selling situations.

Successful Inventory Management For The Wholesale Paper Distributor

Gordon Graham's two-day seminar answers the "When?" and "How much?" to buy decisions for stock material.

Participants will learn: How to buy ahead of a price increase; how to identify; how to dispose of dead stock; what screening process to apply when adding new items to stock.

The program, *Successful Inventory Management For The Wholesale Paper Distributor*, is also designed to provide techniques for improving service and turnover, figuring supplier lead times, who should staff the receiving department, how to measure improvement, when to disqualify a sales history, how to make the computer and personnel a "team," and much more.

The Keys To Growth As A Sales Manager

Michael Ibison will show participants how to put management abilities to the test and find out how to foster excellence in the company's sales team! This two and one-half day seminar offers a unique approach to sales management training. The course focuses on selecting, managing, controlling and directing sales personnel with emphasis on current trends in sales and sales management.

The program is specifically designed to: Increase personnel sales proficiency; provide understanding of sales motivation; better enable the direction of the sales force; give direction in developing sales strategies; enhance the development of individual sales people.

Telemarketing - The Key to Maximizing Your Sales Efforts

Skyrocketing outside sales costs, lack of sales time to penetrate existing accounts, much less prospect and the trend toward emphasizing inside sales to meet customer

EDUCATIONAL PROGRAMS

needs have made telemarketing a concern for most paper distributors today.

Michael Ibison's one-day *Telemarketing - The Key to Maximizing Your Sales Efforts* deals with all the vital aspects of conceiving, building and operating a telemarketing operation within a paper merchant firm to a successful and integral part of an overall sales effort.

Find out how to train telemarketers, how to keep them organized and how to set up a cost-effective follow through system. This seminar is important for all.

Conferences

Maximizing The Potential Of Multi-Branch Logistics

This two and one-half day conference will focus on opportunities and problems of managing and expanding multi-branch locations. The multi-branch paper merchant firm will be discussed from a number of points of view. Among them are:

- *Inventory Management*. How are branches stocked? When does inter-branch transfer make sense? How can inter-branch transfer be done effectively?
- *Warehouse Design and Layout*. What are the new trends in construction? Should multi-branch firm warehouses be any different from those of single house locations?
- *Computerization*. The more locations a merchant has, the greater the need for a sophisticated system that facilitates adequate communication, management and control among those branches and headquarters. What are the major computer issues, and how are they being dealt with?
- *Branching Strategies*. When should one be added? When one be closed down? Where are they opened? How are they maximized?

Trends In Paper Distribution Computerization Conference

The purpose of this two and one-half day conference is to show paper distributors new developments and trends and paper distribution computerization. Each of the conference workshop sessions is designed to give paper merchants skills and knowledge needed to deal effectively with today's new technology.

The customized workshop sessions are conducted by paper merchant EDP users, paper merchant executives from firms that have specialized in specific areas in computerization, and vendors (hardware/software) who have customized programs for paper distributors.

Special features for the first-time user include:

- Computer literacy - what you need to know
- What a company should do internally to determine their computer needs
- How and why to select specific software and hardware vendors
- How much fire power is needed - micro vs. mini
- Means to achieving more accurate inventory, better inventory turns, accounts receivable terms, price listing, special costing, budgeting and financial reporting
- Gross margin control

Special features for the sophisticated user include:

- Customer Profitability Analysis
- Salesmen's use of personal computers
- Discussion of new software application
- Improved computer management
- Multi-branch applications
- How the computer can assist in telemarketing
- Electronic transmission of data from merchant to mill
- Future trends

As an added feature, there will be hands-on use of hardware/software at an exhibition.

Sales Development Conference

Growth of a paper distributorship rests in part with successful implementation of sales development and strategic utilization of personnel skills. Ensuring a future workforce of highly skilled, knowledgeable business people is the responsibility of every merchant.

The NPTA Sales Development Conference brings to light many new ideas and programs to help a manager develop his or her staff and keep the company's sales and marketing program growing in the 1980s.

Customized workshops, industry sessions and panel discussions will provide information enabling merchants to develop a specialized sales force and marketing strategy.

This two and one-half day *Sales Development Conference* will provide training in such key areas as:

- the growing cut size paper market
- contract selling
- specification selling
- building profitable supplier relationships
- strategizing for account development
- sales rep development
- incentive programs
- the use of video in training

University Programs

Paper Distribution Management Development Program

This two-week executive development program for middle managers is located at Miami University, Oxford, Ohio. This program consists of a one-week intensive module directed toward strategic planning, marketing and financial aspects of management. The second one-week module, following a six month interlude, focuses on the interpersonal areas of management: time management, establishing effective leadership, individual productivity, performance measurements, organizational communications and team building.

This program uses a variety of teaching techniques: case studies, workshops, lectures. The course is taught by six Miami University professors with unique academic credentials and active consulting background.

Printech Week

This week-long program, held at the Rochester Institute of Technology (RIT), has been designed around the many aspects of the printing processes and the graphic arts. *Printech Week* will help to turn the sales person or sales manager into a knowledgeable consultant by enabling him to understand today's printing technology.

This hands-on participatory program provides in-depth background in:

- pre-press technology
- all printing methods (lithography, flexography, gravure and screen printing)
- the latest non-impact printing

The course is taught by a variety of specialists from RIT's School of Printing and guest speakers from the industry.

1985 NPTA EDUCATIONAL PROGRAMS

Printech Week	Rochester, NY Rochester, NY	March 4-8, 1985 October 28-November 1, 1985
Telemarketing — The Key To Maximizing Your Sales Efforts	Chicago, IL Minneapolis, MN Kansas City, MO Seattle, WA San Francisco, CA Los Angeles, CA Memphis, TN Atlanta, GA Ft. Lauderdale, FL Philadelphia, PA Boston, MA New York, NY Montreal, Canada Buffalo, NY Baltimore, MD	April 9, 1985 April 10, 1985 April 11, 1985 April 29, 1985 April 30, 1985 May 1, 1985 June 4, 1985 June 5, 1985 June 6, 1985 June 25, 1985 June 26, 1985 June 27, 1985 August 6, 1985 August 7, 1985 August 8, 1985
Marketing Value Added Services	San Antonio, TX Indianapolis, IN	April 18, 1985 June 11, 1985
Paper Distribution Management Development Program	Oxford, OH Oxford, OH Oxford, OH	May 5-10, 1985 November 10-15, 1985 May 4-9, 1986
Sales Development Conference	Atlanta, GA	May 14-15, 1985
Successful Inventory Management For the Wholesale Paper Distributor	Chicago, IL Washington, DC Seattle, WA	May 29-30, 1985 July 9-10, 1985 November 19-20, 1985
Measuring Customer And Product Line Profitability — A Key To Survival And Growth In The 80s	New York, NY Chicago, IL Los Angeles, CA	July 25, 1985 September 19, 1985 October 23, 1985
The Keys To Growth As A Sales Manager	New York, NY	August 26-28, 1985
Maximizing The Potential Of Multi-Branch Logistics	New Orleans, LA	September 10-12, 1985
Trends In Paper Distribution Computerization Conference	St. Louis, MO	November 6-8, 1985

EVENTS

MARCH

4-8. *Printech Week, Rochester Institute of Technology, Rochester, NY. Contact NPTA.*

APRIL

9. *Telemarketing - The Key To Maximizing Your Sales Efforts, Chicago, IL. Contact NPTA.*

10. *Telemarketing - The Key To Maximizing Your Sales Efforts, Minneapolis, MN. Contact NPTA.*

11. *Telemarketing - The Key To Maximizing Your Sales Efforts, Kansas City, MO. Contact NPTA.*

Professional Selling Skills

NPTA offers member firms an excellent on-site training program developed by Xerox Learning Systems and customized for the industry by the Association. Over 3,000 paper merchant sales people have profited by this program to date.

For more information on this and other training programs offered by NPTA, contact the Education and Training Department at (516) 829-3070, or write: Bruce Linden, director, Education and Training Department, NPTA, 111 Great Neck Road, Great Neck, N.Y. 11021.

PAPERSOFT

Software for Paper Distributors

IMPROVE SERVICE AND INCREASE SALES—

PAPERSOFT handles the processing of customer orders from phone call to billing. As orders are entered, the user views up-to-the-minute status of the inventory, with a list of suggested substitutes for out of stock items. Product amalgamation, regular bracket pricing, special pricing, and taxes are all automatically applied. Customer backorders are released for shipment as soon as the merchandise is received.

IMPROVE THE EFFICIENCY OF OPERATIONS—

Rapid on-line access to information allows questions to be answered while the customer is on the phone. Information changed in one area is automatically changed for all other areas; all of your people see the same information. Warehouse paperwork is created in picking sequence and only items available in stock are indicated as being available to be picked.

REDUCE INVENTORY INVESTMENT—

Buy the right items at the right time in the right quantities; PAPERSOFT forecasts sales based on demand history, as distinct from sales history, and uses historic leadtimes, costs, and current stock status information. Accurately record all inventory transactions; PAPERSOFT handles all the quantity conversions, order history, backorders, and lost sales. PAPERSOFT provides turn reports and allows both cycle and wall-to-wall physical inventories.

IMPROVE CASH FLOW—

PAPERSOFT automatically sends "over credit limit" orders to the credit manager for approval. Also, with PAPERSOFT you can send invoices with the shipment or create them the same day as shipment for mailing. And because all the pricing, amalgamations, taxes, and totals are done by the computer, invoicing errors are practically eliminated.

ENHANCE MANAGEMENT CONTROL—

PAPERSOFT provides inventory, sales, purchasing, or accounting information in a timely manner, accurately compiled, and with minimum effort. Ad Hoc reporting features allow you to see this information in the manner that is most useful for your specific evaluation and decision making.

PAPERSOFT was developed by the ComputerWorks in conjunction with Seattle based West Coast Paper Company to meet the specialized needs of Industrial and Printing Paper Distributors. For detailed information, or to arrange for a demonstration, please call the ComputerWorks collect at (206)828-6787.

the ComputerWorks inc.

P.O. Box 70248, Bellevue, Washington 98007
Collect (206)828-6787

Who but National Envelope offers so many styles, in such large quantities, yet warehoused in so many locations?

and who but National Envelope sells only to you . . . not to your customers?

Grow with the New York/National Envelope Group

New York Envelope Corp., Long Island City, NY 11101, 212-786-0300, 800-221-9551.
Envelope Convertors, Inc., Brooklyn, NY 11237, 212-386-6000, 800-221-0605.
Champion Envelope Corp., Union, NJ 07083, 201-353-8100, 800-526-6829.
National Envelope Corp., Worcester, MA 01607 Box 1728, 617-798-8711 TWX 710-340-0215.
Austell (Atlanta), GA 30001, 404-944-3322, 800-241-8173. TWX 810-766-3941.
Kansas City, KS 66117, 913-621-5524, 800-255-6288 TWX 910-743-0022.
Vinita Park (St. Louis), MO 63114, 314-423-6700, 800-325-0002 TWX 910-765-0943.